THOUGHTS

ON THE

FUNDING SYSTEM,

AND THE

FOREIGN POSSESSIONS

OF

GREAT BRITAIN.

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ON THE

FUNDING SYSTEM.

MUCH miſrepreſentation having been induſtriouſly ſpread abroad concerning the effect of the funded debts, evidently with the intention of palliating the fearful proſpect of affairs, if not of proving that ſyſtem to be beneficial, or at leaſt the whole operation to be nugatory; it may perhaps be of ſome advantage to ſhew this ſubject in a true light.

Experience will certainly juſtify this aſſertion, that no one views the object through ſo falſe a medium, unleſs his original perception has been ſophiſticated by the ſpecious, time-ſerving arguments of this age of paradoxes; that there is no one in his ſober ſenſes who believes that an immenſe ſum of money can be borrowed, ſpent, and funded, without an equal

loſs to the public. The only caſe where ſuch reaſoning would hold good, would be when government having borrowed a ſum of money, ſhould again part with it to certain productive labourers, without an equivalent; in that caſe the aggregate capital of the ſociety would be the ſame. This act would amount only to an unjuſt diverſion of property from its proper channel. The ſoil of a whole diſtrict may be collected in ſome meadows, whoſe fertility will be much encreaſed, but it may be queſtioned if the produce of that country remains undiminiſhed. The ſtorm would have impaired the capability of the major part, but probably would not be followed by any encreaſed exertion on the favoured level.

The public ought not to delude itſelf with the idea, that becauſe the acceſſion of one hundred millions to the debt during the American war, did not prove ſo detrimental to the credit of the country, as had been foretold; that all apprehenſion of the conſequences of a much greater encreaſe was but the empty voice of one, unneceſſarily, deſpairing of the public fortune. The fountain of future proſperity was not then exhauſted; we had not been ſporting

to

to any great extent with the reſt of Europe; though great burdens were accumulated, great incumbrances were removed. By loſing America, we loſt a dead weight on the country. By ſigning her independence, we deſtroyed the ſeed of future wars; a ſeed which has produced an abundant harveſt, when planted by European cultivations, on the fruitful ſoil of the new world. We retained that which is moſt valuable—the trade of that country, and may regain her affections.

We have now greater burdens to ſuſtain, a greater expenditure to provide for, leſs concern for the event, ariſing from old aſſociations, and the remembrance of former difficulties, which vaniſhed after the reſtoration of the laſt peace. We have alſo a Houſe of Commons with leſs controul over the public purſe—miniſters unable to reſtrain, or at leaſt to foreſee the expence of their undertakings—and agents on diſtant expeditions above all controul. The Imperial loans, and the ſurreptitious clauſe in a money bill, relating to the Bank, prove the firſt aſſertion—the exceſs of the expenditure every year beyond the eſtimate, and the extra-

ordinaries of the army, ſufficiently confirm the ſecond.

The public has long ſince viewed the progreſs of the national debt in two very different lights; on one ſide a repreſentation has been made in ſuch lively colours as was proper only to delude the moſt ſanguine—on the other ſide, ſo dark and diſmal a picture has been held forth, that it appears to have been the work of deſpair. The firſt will pleaſe thoſe who never conſider; but it muſt be confeſſed, the cold calculator will diſcover in the ſecond a nearer reſemblance to the truth. If the nation conſiſt entirely of the firſt claſs, let us continue our proſperous courſe; let us ſing in the hour of our deſtruction.

The ſober hour of account, though to all appearance diſpoſed of *ſine die*, will ſhortly undeceive us, by introducing the neceſſity of figures; and as the addition of the debtor and creditor ſide of the pages muſt be made by the ſame rules of arithmetic, the miſrepreſentation of fine language will be precluded.

Attention to our ſituation, and openneſs to conviction,

conviction, might have prevented much of our diſtreſs. It required only the will to learn; and by the peruſal of any reputable work on political œconomy, the buſineſs had been finiſhed. A miſconception of the effect of money has greatly contributed to perplex and diſtract the attention from this ſubject. It is a clear propoſition, that wealth does not conſiſt in the abundance of money; becauſe the precious metals do not form any great proportion of the commodities of life: therefore any hypotheſis which ſhould attempt to account for the operation of the funding ſyſtem, grounded on the idea that money alone is true wealth, and that as long as the ſum total of the coin or bullion of the couutry remains undiminiſhed, its proſperity would remain unimpaired—would regulate the work according to the plan of all ſyſtem-makers, in modelling the facts according to the occaſion.

It is not the money which is ſaid to be raiſed during any expenſive year which in the leaſt degree affects the country; no one who has conſidered the uſe of money as the repreſentative of commodities can ſuppoſe it. War is chiefly diſaſtrous by the great conſumption of thoſe

thoſe commodities, and by the demand and bounty paid for unproductive labourers.

A great commercial country maintaining a conſtant intercourſe with every part of the world, would never have occaſion to apprehend any diſtreſs from a diminution of bullion; becauſe there is the ſame tendency in money as in water to find its juſt level; and if any country ſhall by any means acquire more coin than it can employ in circulating into wealth, ſo ſure will the ſtream forſake that reſervoir, and flow into other channels which are not ſo well repleniſhed. If money was not the medium uſed by governments at war, in repreſenting and procuring other commodities, but was actually that which was conſumed in the operation of war, in the manner that powder is, this waſte or annihilation of money would only cauſe a demand for it in foreign countries, in the ſame manner that warlike ſtores are at preſent. It would not even then debar the people from the uſe of it. They are not now deprived of deal or of iron, though they pay dearer for them; and ſo they would do for money, if that was the object. The encreaſe of price, however, can

can never exceed the expence of carriage and price of inſurance.

From theſe conſiderations it appears unreaſonable to argue, as if the national debt of England was productive of no other effect, than is the caſe in a money debt between two individuals. This debt has been, in fact, a perpetual deduction of a proportion of the comforts of life from every claſs of men, a great diminution of production, and impediment to the trade of the country.

Let us imagine the expences of a campaign to amount to ten millions for the navy—ten millions for the army (in round numbers)—and ſeveral other demands for the ordnance, ſecret ſervice money, &c. &c. Let us conſider the effect of the diſtribution of this ſum, and further of the means taken for raiſing that principal, and of the taxes raiſed for providing the intereſt.

The firſt article, though very neceſſary, is extremely diſadvantageous: the money paid on this account, though the juſt and well earned recompence of the defenders of the country, yet

yet cannot be denied to be a bounty paid to the ſeamen to induce them not to follow their natural occupation; viz. withdraws a great proportion of the hands uſually employed in the merchants' ſervice, cauſing a great encreaſe of expence to the diminiſhed trade of the country.

The great waſte of proviſion always occaſioned by bodies of men collected in one place, is alſo a material evil, particularly when maintained at the public expence, and under the direction of purveyors little qualified, and leſs inclined to diſcharge their duty.

Much of what has been ſaid reſpecting the navy, will apply to the army; and when any corps is on foreign ſervice, their pay will not even be ſpent in encouraging our own manufactories. This much is unavoidable. The whole muſt be paid as a bounty on idleneſs, recruiting the army from that claſs of the community which abounds chiefly in productive labourers—the employment of foreign mercenaries may therefore be defended on good grounds. So long as it ſhall be neceſſary to offer a bounty on enliſting men in Great Britain,

tain, this neceſſity evidently ſhews that employment is to be had more profitable than the army. The ordnance and other ſtores not being the produce of this country—the ſecret ſervice money being either the wages of domeſtic inſincerity or foreign perfidy, can claim no great reſpect; therefore, on the whole, theſe two accounts muſt in every way be conſidered as injurious.

As it is not difficult to demonſtrate on what grounds this wholeſale expenditure is detrimental, we muſt conclude the benefit ariſing from this ſyſtem to be the heir-loom of ſome future generation.

In what manner the negociation of a loan, and the attendant taxes affect ſociety, we ſhall now proceed to inveſtigate.

As the practice of borrowing and funding to any great extent is found to take place for the moſt part in commercial countries, it ſeems evident that the great capital accumulated in thoſe countries, affords this facility of making great momentary exertions, by means of this funding ſyſtem.

I ſhall not intrude on the patience of the reader by attempting to prove, that it is the very nature of a capital to employ itſelf in the ſupport of productive labourers. So plain a propoſition I ſhall take the liberty to aſſert. The money advanced to government (if raiſed within the country) muſt be drawn from the capital of the country, and will of courſe diminiſh the ſources of reproduction: for no one will contend, that to divert an old is to create a new capital.

The trade of the country being in part carried on by a borrowed capital, it follows, that any cauſe which tends to deduct in any degree that capital, is injurious in the ſame proportion; conſequently the manufacturers muſt ſuffer in a two-fold way, by paying a large ſhare of the taxes impoſed on every encreaſe of national debt, and by a diminiſhed ability to pay them, cauſed by a deduction of their ſtock in trade. A deduction muſt take place if the capitaliſt can lend to government with more advantage than to the trader. Hence the frequent bankruptcies which convulſed the ſtate in the year 1794; and I truſt that we ſhall be juſtified in withholding our faith from any one

who

who may aſſert them to be documents of national proſperity.

The diſtreſs of our finances is very great, and for that reaſon we ought to regard them ſteadily. To ſhrink from this duty is to periſh. Such falſe fear is the ruin of many men in private life. Let the folly of individuals be a warning to nations. The gulf of diſtreſs is immediately before us, and it alone remains for us, if we wiſh to ward off impending ruin, to retrace our ſteps—to diſpel that cloud of deluſion which has overſpread the country. Nor ought we to attempt to travel this difficult paſs, under the direction of men whoſe ſight has been blinded by prejudice, if not by corruption.

Experience has been dearly bought. At preſent we are ſo far advanced as to be able to appreciate exactly the value of almoſt every country on the globe. The expence of attempting the diviſion of France coſt ſome millions—the conſolidation of the republican government a great encreaſe—to demand Belgium a whole year's war—the Cape and Trincomalé as much more; nor ought the ſugar iſlands to

be left out of the account. The whole expence of this war, it is to be hoped, will teach us to diſcriminate truth from falſehood.

In foreign affairs we have bought abundance of wiſdom. We know that a general conſpiracy of all the nations of Europe will not be able to reſtrain the deſire of liberty in any great people. We have learnt alſo, that wars cannot be carried on without expence. And it will be found, when the taxations of luxuries will not ſuffice, we muſt imitate our neighbours in their requiſitions.

At preſent we muſt conſider of the means of ſupporting our burdens, by ſubſtituting œconomy for profuſeneſs, by reforming every uſeleſs expence in our eſtabliſhment, and gradually reſtoring the genuine conſtitution of Britain.

The intrigues of miniſters, the feelings of men unwilling to acknowledge errors, bound to maintain haughty and unjuſtifiable pretenſions, will without doubt, impede this great object. This conſideration ought to weigh no more than duſt in the ſcale; in a national view, individual reſentment

reſentment cannot be allowed, the caſe of the miniſters who are the agents for tranſacting the affairs of the country, muſt be judged diſpaſſionately, and be decided by the rule of general utility.

I ſtate a caſe of two individuals having a diſpute to be arranged by their agents. In this light, can that man be reckoned wiſe who ſhall perſiſt in employing an obnoxious perſon, one whom his adverſary muſt diſtruſt, and on that account preclude any adjuſtment of their differences. Yet this is the plain ſtate of the diſpute between France and this country.

The difficulty of ſettling the terms of peace, on the old policy of England, may be great, but there are ſcarce any conceſſions which ought not to be made. The value of our diſtant poſſeſſions can not be compared with the benefits of peace.

It is rather extradionary that finding the benefit of the manumiſſion of America, we have not become ſenſible that our true intereſts conſiſt in maintaining our inſular ſituation, and not in retaining or extending our foreign dominions.

minions. We muſt however confeſs that force, and not reaſon, ſeparated the colonies from the empire.

May not the reaſoning now ſo juſtly applied to America, be transferred to our expenſive ſettlements in the Weſt Indies and elſewhere, which, tho' they are proud poſſeſſions, are fertile of expence, empty of profit, and fraught with every ſource of ſecret jealouſy and ambitious contention?

The guarantee of France and England would ſecure to them proſperity, undiſturbed by other powers, to Europe all the advantages ſhe now poſſeſſes, every nation partaking of thoſe advantages, according to their means. This country by its former connexions, its ſpirit of trade, and a capital, would be ſecured in a decided pre-eminence.

The advantages would be incalculable; by exonerating Great Britain from defending them in war, and by cutting off one great ſource of contention; the colonies themſelves would be freed from the riſque ever attending the disjointed parts of a great empire.

State

State policy ſtrongly objects to yield that which ſhe has exerted every art to obtain; patronage would receive a death blow by the extinction of ſo many lucrative objects of ambition; ſome ſcores of governors and ſub-governors, hoards of ſtorekeepers, and I may add contractors to keep the litter in employment.

To exonerate Great Britain from their dependent countries would renovate her vigour by concentrating the national energy.

If by any unforeſeen event the Weſt India trade ſhould be diminiſhed, the nation would even then gain; becauſe commerce would then ſubſide naturally in thoſe channels, whence it had been diverted by the hurtful interference of political regulations.

This fundamental change of our external circumſtances, might in ſome manner counterpoiſe the enormous encreaſe of the power of the crown; and which will remain too predominant, while upheld by numerous appointments, and great influence thrown into the ballance by the collection and management of the intereſt of a vaſt and encreaſing debt. The probability of ſeparating from the executive government all concern and interference in the manage-

management of the funded debt, I believe, has never yet been conjectured. We have at preſent an example of a commiſſion managing with ability the operations of the ſinking fund.

A uſeful hint might be taken from the foregoing model. Means might be taken for rendering ſuch commiſſioners free from all reſtraint of government, and if proper qualifications of funded property were required, highly intereſted in the good conduct of their department.

An arrangement on this plan would very much revive the public confidence, and with great probability give new vigour to the ſpirit of liberty.

Should any of theſe conſiderations produce the leaſt effect, by calling the attention of the public to their true intereſts, by rouſing them to a ſenſe of the ruinous meaſures and expences now purſuing, I ſhould conſider my time to have been well employed; confident that no government can reſiſt the opinion of the people, ſince on this ground all power is founded, on this its ſecurity alone depends.

FINIS.